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Report to the National Security Council  
in Compliance with NSC 282

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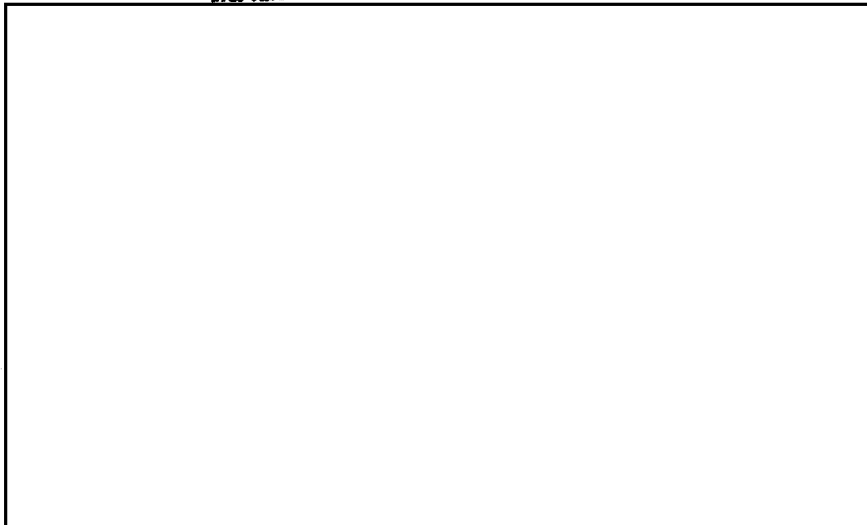
1 April 1951

CENTRAL INTELLIGENCE AGENCY

Report to the National Security Council  
in Compliance With NSC 282

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DRAFT  
28 March 1951

DRAFT REPLY TO NSC ACTION NUMBER 282

1. The aim of this report is to fulfill the requirements of NSC Action No. 282 of 3 March 1950 (Appendix A). This Action requires the study of economic security intelligence requirements and facilities throughout the Government and the formulation of a comprehensive plan for satisfying the foreign economic intelligence requirements of national security and for coordinated interagency effort to this end.

2. The Problem

Foreign economic data are now regularly collected and/or analyzed by some twenty-two agencies of the Government. [REDACTED]

[REDACTED]  
[REDACTED] This diverse flow of information

has been generated to meet, in each case, the operating or other responsibilities of these agencies. Much information and analytic competence available within these agencies is relevant to one economic aspect or another of national security. It is believed that present ad hoc methods for consultation do not provide adequately that the data and analytic competence available are mobilized around security problems. The first aim of the proposed plan is, therefore, to ensure regular procedures whereby the full knowledge and technical talent of the Government can be brought to bear on specific issues involving the national security.

3. Despite the number of agencies concerned, and the scale of the flow of intelligence data, there are, undoubtedly, important gaps in the collective knowledge of the Government. In part such gaps arise from

the lack of regular procedures for identifying such important specific gaps and for filling them, on a high priority basis, through the various existing intelligence-collecting channels. The second main aim of the proposed plan is to institute such procedures.

4. As indicated at greater length in Appendix B, the broad, primary functions of economic intelligence in the service of national security are (1) to provide a factual understanding of the economic situation in foreign countries; (2) to foresee probable future developments through analysis of economic trends; and (3) to assist in the determination of the feasible courses of action open to the United States and the consequences of each alternative course of action, within the general limitation of the intelligence function and on the basis of economic evidence.

5. It is evident that the range of particular problems which might fall legitimately under these headings, at particular times, is very great. It is evident that the forms of economic data which might be directly relevant to important problems, under these headings, is very great. Given the enormous potential scope of the economic problems and economic data which might relate, at one time or another, to the security of the United States, the present plan makes no specific definition of gaps in factual intelligence. Appendix C, Part I, records, however, a general listing of possible categories of economic intelligence data, with an indication of the agencies most directly concerned in collection and/or as consumers, in relation to various geographic regions.

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6. Any realistic plan for improvement in the economic security intelligence provisions of the Government must, it is believed, take into account the wide and changing specific character of the economic data that may be relevant, as indicated in paragraphs 4 and 5, above. Any such plan must also take into account the heavy continuing responsibilities of the agencies whose facilities must be mobilized around security issues; and the need for a precise definition of such additional responsibilities as such a plan may entail.

7. In the light of these considerations it is proposed to proceed by bringing to bear, around concrete major security issues, the combined economic intelligence resources of the Government. In the course of such selected and concerted studies it is proposed that explicit attention be given to:

- a. Major gaps and weaknesses in data
- b. Means for filling these gaps
- c. Allocation of responsibility for filling gaps.

It is believed that effective coordination among the agencies concerned can only be achieved by selective common effort, focussed on practical and urgent problems.

8. The gravest threat to the security of the United States and to the whole free world within the foreseeable future stems from the hostile designs and formidable power of the USSR and from the nature of the Soviet system. It is proposed, therefore, that the first critical studies to be carried out should relate to major aspects of the problem of strengthening the relative position of the non-Soviet world in the struggle against

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the Soviet bloc. Appendix B includes by way of illustration a discussion of various problems of this character, which might be suitable for such combined, critical study.

9. Recommendations

In the light of the above it is recommended that the National Security Council consider the following action:

a. The Intelligence Advisory Council, acting through the Director of Central Intelligence, shall establish an Economic Intelligence Committee, on which representatives of the following agencies shall permanently sit: Departments of the Army, Navy, Air Force, Joint Chiefs of Staff, State, and the Central Intelligence Agency. Any other agency whose interest or competence may be relevant to the particular problem under examination may be invited also to sit with the Economic Intelligence Committee.

b. The Assistant Director, Office of Research and Reports, Central Intelligence Agency, or his designate, shall serve as Secretary to the Economic Intelligence Committee.

c. The Economic Intelligence Committee shall:

(1) Maintain a continuing review of the foreign economic intelligence activities of the United States Government as they relate to the national security.

(2) Arrange for concerted economic intelligence support for the Office of National Estimates, Central Intelligence Agency, on selected major issues.

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(3) Review and report, from time to time, on the extent and quality of the data available, bearing on the issues analyzed, with recommendations concerning the means and the agency by which gaps might be filled.

(4) Make such special reviews of the data available in particular fields of economic intelligence, relevant to the national security, as the Intelligence Advisory Committee may from time to time direct, including recommendations concerning the means and agency by which gaps might be filled.

(5) On agreement of the Committee, review and mobilize the data available relevant to the operating problem of any member agency requesting assistance or of any other agency dealing with economic security problems, which may request assistance.

d. After reviewing the recommendations of the Economic Intelligence Committee on the filling of specific gaps the Intelligence Advisory Council shall set priorities and allocate responsibility for collection. Carefully selected requests of this character are to be accorded high priority within the collection agency designated, which shall, within a suitable period, report back the extent of its success.

e. The Economic Intelligence Committee shall make such special reviews of economic intelligence processing procedures as may appear useful, and make recommendations for improvement to the Intelligence Advisory Committee, which shall have responsibility for instituting such action as it may judge appropriate.

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f. In carrying out its responsibilities the Economic Intelligence Committee may set up such ad hoc subcommittees and working parties as may be judged necessary.

10. In acting on these recommendations, the National Security Council may wish to call to the attention of the relevant agencies of the Government, not now concerned primarily with economic security problems, the urgency of a collaborative effort to exploit the intelligence resources of the Government for security purposes. In particular, the National Security Council may wish to request that high priority be given to requests for cooperation by the Economic Intelligence Committee. A draft of a proposed communication to this effect is attached.

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DRAFT OF NSC LETTER  
(Form to be Decided)

The National Security Council, in Action \_\_\_\_\_ of \_\_\_\_\_,  
has directed that an Economic Intelligence Committee be set up by the  
Intelligence Advisory Council acting through the Director, CIA. The  
terms of reference of the Economic Intelligence Committee are attached.

You will note that among the aims of this Committee is the effective  
mobilization of the economic data and analytic ability of the Government  
around issues of national security. You will also note that it provides  
for the active cooperation of agencies which collect and/or analyze economic  
data for other purposes, but which might also be able to contribute to the  
solution of economic intelligence security problems.

The National Security Council would request that your agency accord a  
high priority to requests for data and other assistance from the Economic  
Intelligence Committee.

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APPENDIX A

TEXT OF NSC ACTION 282

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EXECUTIVE OFFICE OF THE PRESIDENT  
NATIONAL SECURITY COUNCIL  
WASHINGTON

March 3, 1950

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT : Appraisal of Foreign Economic Intelligence Requirements,  
Facilities and Arrangements Related to the National  
Security

REFERENCE: Memo for NSC from Executive Secretary, same subject,  
dated February 7, 1950

The National Security Council, the Secretary of the Treasury,  
and the Attorney General have approved the proposal by the Acting  
Chairman, National Security Resources Board, contained in the next-  
to-the-last paragraph of the enclosure to the reference memorandum  
on the subject.

The National Security Council accordingly directs the Central  
Intelligence Agency, in collaboration with the government agencies  
concerned:

1. To organize and conduct a study of
  - a. foreign economic intelligence requirements relating  
to the national security, including requirements for mobilization  
planning;
  - b. facilities and arrangements currently employed for  
meeting those requirements;
  - c. the adequacy of such facilities and arrangements; and,  
where appropriate, means for their improvement.
2. Based on the findings of this study, to prepare for Council  
consideration and action a comprehensive plan for satisfying the  
foreign economic intelligence requirements of the national security  
and for a coordinated interagency effort to this end based on a  
definite allocation of responsibilities among the agencies concerned.

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EXECUTIVE OFFICE OF THE PRESIDENT  
NATIONAL SECURITY RESOURCES BOARD  
WASHINGTON 25, D. C.

2 February 1950

MEMORANDUM FOR THE EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL

SUBJECT: Appraisal of Foreign Economic Intelligence Requirements, Facilities  
and Arrangements Related to the National Security

As resources mobilization planning progresses, it is increasingly evident to the participating agencies that the full effectiveness of many segments of such planning depends upon the ready availability of adequate, timely and correlated foreign economic intelligence.

This has proved, for example, to be the case in such fields as peacetime procurement and development for stockpiling; wartime procurement and development; foreign manpower; war trade agreements; export and import controls; economic assistance to potential allies and friendly neutrals, and other foreign requirements; preclusive buying; proclaimed listing; the control of foreign assets; economic capabilities and vulnerabilities of potential allies, neutral and enemy nations.

From the experience of the agencies associated in mobilization planning in recent months, it is now feasible to determine more clearly than previously the foreign economic intelligence requirements for further planning. Many of the studies completed or under way also provide a better means than previously available of testing the adequacy of current intelligence efforts. In the light of these developments, more effective evaluation of foreign economic intelligence for mobilization planning can now be made.

Another field where foreign economic intelligence is vital is that of the formulation of current policies and programs relating to the national security. Members of the National Security Council will readily appreciate the value of constantly seeking to improve the foreign economic intelligence relating to proposals considered by the council.

Intelligence activities with regard to mobilization planning and to current security policies and programs are intricately interrelated and at many points indistinguishable. Therefore, much can be said for covering both fields in a single undertaking.

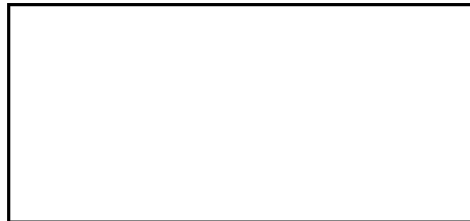
Accordingly, the time seems opportune to reappraise our foreign economic intelligence requirements, facilities and arrangements as they relate to the national security, including mobilization planning. Such an appraisal would require central direction with appropriate interagency collaboration.

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It is, therefore, proposed that the National Security Council direct the CIA, in collaboration with the Government agencies concerned;

1. To organize and conduct a study of
  - a. foreign economic intelligence requirements relating to the national security, including requirements for mobilization planning;
  - b. facilities and arrangements currently employed for meeting those requirements;
  - c. the adequacy of such facilities and arrangements; and where appropriate, means for their improvement.
2. Based on the findings of this study, to prepare for Council consideration and action a comprehensive plan for satisfying the foreign economic intelligence requirements of the national security and for a coordinated interagency effort to this end based on a definite allocation of responsibilities among the agencies concerned.

The staff of the NSRB has much information which would be of help in this undertaking, and will be available to assist in liaison and consultant capacities.



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APPENDIX B

FOREIGN ECONOMIC INTELLIGENCE REQUIREMENTS  
RELATING TO THE NATIONAL SECURITY

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APPENDIX B

FOREIGN ECONOMIC INTELLIGENCE REQUIREMENTS  
RELATING TO THE NATIONAL SECURITY

I. Functions of Foreign Economic Intelligence as it Relates to the Security of the United States

A. The primary function of foreign economic intelligence in the service of national security is to provide the basis for United States policy formulation and action by: (1) providing a factual understanding of the economic situation in foreign countries; (2) foreseeing probable future developments through analysis of economic trends; and (3) assisting, on the basis of economic evidence, in determining the feasibility and probable consequences of alternative courses of action open to the United States.

B. A great many agencies of the United States Government in the discharge of their own special missions collect economic information and perform economic research concerning foreign countries.<sup>1/</sup> Virtually all of this information and research is or may be relevant to one or another specific problem of national security. It is the primary duty of the agencies represented on the Intelligence Advisory Council to see to it that data collected for many purposes is brought to bear on national security problems, and that such additional information is collected as may be necessary to furnish the answers to critical security problems.

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Accordingly this paper, while recognizing the need for the fullest interchange among all interested parties, concentrates its attention on the requirements of the IAC agencies for economic intelligence relating to the national security.

C. In order to determine how the relatively limited economic intelligence facilities, both within and outside the government, can make their maximum contribution, and in what directions their efforts most need to be augmented, it is necessary that there be established and maintained machinery for combined economic intelligence analysis, on a priority basis. Such machinery is recommended elsewhere in this report. The purpose of this statement of requirements is to suggest the perspective in which a continuing program of priority intelligence problems might be viewed.

D. Such a program must include:

(1) Defining authoritatively the economic reports most needed in support of United States national security policies and actions.

(2) Determining the particular economic research studies, of an ad hoc or continuing character, most urgent and essential as a basis for the reports listed in (1) above.

(3) Organizing the requisite economic reports and research studies, including the allocation of tasks among the various interested and competent agencies and the merging of the results of individual analyses.



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(4) Defining and arranging for the collection of the economic information, not already available in government, which is most essential to the preparation of the estimates and research studies listed in (1) and (2) above.

(5) Reviewing the processing facilities (translation facilities, industrial registers, document indexing, map production, etc.) and the techniques of analysis needed to exploit raw intelligence materials most effectively.

The following section (Section II) attempts a classification of the reports and studies needed primarily for government policy and planning purposes. Section III outlines the categories of operational intelligence interest which must be covered by one or more of the intelligence agencies on a continuing or ad hoc basis.

The outline of research and information requirements must be designed to support the intelligence studies outlined in Sections II and III, and will, in part, grow out of these studies as they progress. Some suggestions are made in Section IV as to the facilities and techniques required.

II. Foreign Economic Reports and Estimates Most Needed in Support of National Security Plans and Policies

A. Introduction

The gravest threat to the security of the United States and the free world within the foreseeable future stems from the hostile designs and formidable power of the USSR, and from the nature of the Soviet system. At least for the immediate future, therefore, first priority should be given to economic analysis in support of policies relating to the conflict

between the Soviet and the non-Soviet worlds. This requires intelligence relating to the capabilities, the vulnerabilities, and the intentions or probable courses of action of three main groups of countries: (1) the USSR and its satellites, including China; (2) the principal European and Asiatic allies of the United States; and (3) a band of countries on the fringe of the iron curtain not now clearly in either camp, but potentially contributing to the strength of one or the other. Also important to national security is intelligence relating to particular resources in the rest of the world, principally in Africa and Latin America, which contribute significantly to the strength of either center of power.

Studies directed at the capabilities of a country or complex of countries should be designed to reveal what limitations the economies of these countries place on what they can do, now and in the future. This relates not only to their capabilities to take military action and cold war measures, but also to their capacity to provide their populations with the rising standards of living necessary to political stability under free institutions. Vulnerability studies focus on the susceptibility of one country to the application, by another power, of selected devices designed to reduce its capabilities; in other words, how we can hurt them or they can hurt us. Studies of intentions or probable courses of action seek to present evidence which will reveal which of several alternative courses of action a country will follow.

It is tempting to divide intelligence problems into those concerned with the maintenance of the peace and the strengthening of free institutions, and those relating to the conduct of war if war should become unavoidable.

This dichotomy overlooks the twin facts that policies to maintain peace must be based on the best possible intelligence as to relative military strength and intentions, and that the outcome of a war, should it come, will depend importantly on the stability and effectiveness of civilian economies. Hence in illuminating the major policy problems facing us, intelligence as to military capabilities must be closely blended with analyses of civilian economic development.

The framework of the outline below reflects United States security interests in the capabilities, vulnerabilities and probable courses of action of the three sets of countries noted above and in the strategic resources of the rest of the world. Within this framework are examples of reports and estimates that should be given priority treatment in the foreign economic intelligence effort.

B. Economic Analyses Relating to the USSR and its Satellites

The problem of economic intelligence relating to the iron curtain countries is a special one in several respects. Considering the present state of our knowledge, this area probably has a higher priority for additional intelligence effort than any other. On the other hand, the collection of information is more difficult and costly than elsewhere, and hence the sharp definition of priority requirements for collection is more urgent. Also the cost and difficulty of collection place a greater premium here than elsewhere on the development of special techniques to extract the maximum amount of information from the limited data obtainable. In view of the hostile intentions of the Soviet bloc, analysis of its capabilities for military and non-military aggression, its vulnerabilities, and its intentions must take priority at the moment over estimates of its

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capabilities for peaceful economic development. In general our present knowledge of particular industries and segments of the Soviet economy, while weak, is better than our knowledge of the aggregate resources and capabilities of the economies as a whole, either of the USSR proper or of the whole Soviet bloc.

While it is recognized that Soviet control over Communist China is possibly less rigid and direct than that over the Eastern European satellites, it is believed that within the framework of this paper China should most logically be classified as a satellite.

Examples of high priority economic intelligence projects are as follows:

(1) Analysis of the economic capabilities of the USSR and its satellites to engage in military action or to employ "cold war" measures against the United States and its allies or against "neutrals".

a. Wartime Capabilities of the Soviet Bloc to Meet Essential Civilian and Military Requirements for Selected Critical Items (e.g., electronics equipment, copper, tin, aviation fuel, special machine tools, ferro-alloying metals, precision instruments, natural rubber, etc.)

b. Economic Capabilities of the Soviet Bloc to Develop and Produce Selected Military Items (e.g., Atomic weapons, guided missiles, germ warfare agents, radar, long range jet bombers, tanks, submarines, etc.)

c. Effect on Soviet Economic Capabilities for Prolonged War of the Acquisition by the USSR of Additional Areas, such as

a) Western Europe, b) the Middle East, c) Japan, d) Southeast Asia.

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d. Overall Economic Capabilities of the Soviet Bloc as a Whole Simultaneously to Conduct Specified Military Campaigns and Maintain Essential Civilian and Military Production.

e. Effect of the Korean War Combined with Western Export Controls on the Capabilities of the Chinese Economy both With and Without Soviet Assistance.

f. Economic Capability of the European Satellites Unassisted by the USSR to Wage War on Yugoslavia. Requirements for Soviet Assistance.

g. Capabilities of the Soviet Bloc to Wage Economic Warfare Against Non-Soviet Nations.

(2) Analysis of the economic vulnerability of the USSR and its satellites to measures of economic warfare, psychological warfare and to military attack, including strategic bombing.

a. Vulnerability of the Soviet and Satellite Economies, Including China's, to Strategic Bombing with Particular Reference to Their Vulnerability to A-Bomb Attack.

b. Vulnerability of the Soviet Bloc as a Whole to a Western Program of Economic Warfare. Relative Vulnerability to Various Measures - Overt and Covert.

c. Vulnerability of the Chinese Economy to Western Controls on (a) Exports to China (b) Shipping.

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d. Vulnerability of the Soviet and Satellite Economies to a Program of Induced Defection of Key Technical and Industrial Personnel.

e. Vulnerability of the Soviet and Satellite Food Supply to Biological Warfare.

(3) Analysis of economic indications of probable Soviet and satellite courses of military, and political action and analysis of all indications of probable courses of economic action.

a. Economic Activity Within the USSR and Its Satellites Which Might Reveal Their Intention to Resort to Military Action.

b. Patterns of Allocation of Economic Resources for the Production of Military Items Within the Soviet Bloc Which Might Reveal the Kind of Military Operations Contemplated.

c. Courses of Action Likely to be Taken by the USSR in Response to an Effective Western Program of Export Controls.

d. Soviet Economic Measures With Respect to China Which Might Reveal the Extent of the Political and Economic Integration of These Countries.

e. Evidence Which Might Suggest What Air Target Systems the Soviets Would be Likely to Adopt for Western Europe.

C. Economic Analysis Relating to the Principal European and Asiatic Allies of the United States

This group of countries poses very different intelligence problems from those of the Soviet Bloc. In the first place, a great deal

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of detailed economic information about them is either actually or potentially available. Secondly much more work has been done in analyzing the aggregate resources and capabilities of these countries than in the detailed analysis of particular industries, facilities, and services. Nevertheless, this detailed information can be secured with much less cost and risk than in the case of the USSR. Hence special research techniques to exploit every scrap of data are less urgent than effective programs of data collection, collation, and analysis by more conventional means.

Since the intentions of these countries can be more directly observed, a lower priority attaches to economic evidences of their intentions than in the case of the USSR. Their capabilities to contribute to the military strength of the West are important, but their capacity to stabilize and develop their overall economies is of equally great concern. Since they are in the main industrially mature economies, the intelligence about them of concern to us generally relates less to basic resource development than in the third and fourth groups (Sections D and E below) and more to economic organization, finance, and industrial structure. Their economic vulnerabilities to military attack, sabotage of all kinds and economic warfare are subjects of very high priority.

Sample priority research projects are:

(1) Analysis of the economic capabilities of the principal allies of the United States to engage jointly in military action or to wage "cold war" in conjunction with the United States against the USSR and its satellites.

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a. Economic Capabilities of the NATO Powers (e.g., United Kingdom, Belgium, France) to Produce Selected Military Items Under the Current Rearmament Program.

b. Capabilities of the non-Soviet Nations in a Joint Mobilization Effort to Meet Essential Civilian and Military Requirements for Selected Strategic and Critical Items (e.g., sulphur, copper, lead, zinc, aluminum, coal, steel, manganese).

c. Importance of Western Europe and the Middle East to United States Economic Capabilities for War.

(2) Analysis of the capabilities of the allies of the United States to maintain economic stability and to develop their economies.

a. Capabilities of Selected Allied Nations (e.g., France, United Kingdom, Italy, Western Germany) to Maintain Economic Stability Under the Current Rearmament Program.

b. Capabilities of Selected Allied Nations to Carry Out Programs of Civilian Capital Formation and Improvement of Productivity Concurrently With the Discharge of Their Military Obligations.

c. Economic Dependence of Japan on Trade With China and Southeast Asia. Requirements for Foreign (primarily United States) Assistance.

d. Consequences of Cessation of Trade with the Soviet Bloc for the Capabilities of Selected Allied Nations to Contribute to the Allied Military Effort and Develop Their Economies.



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e. Importance of Foreign Economic Assistance (primarily United States) to the Economic and Political Stability of Italy, Greece, and Turkey.

f. Essential Elements of a Raw Material Program Designed to Meet the Requirements of Both Western Rearmament and Western Economic Stability and Development.

g. Requirements for Economic Assistance in Korea During the War and During the Post-War Period of Rehabilitation.

(3) Studies of the economic vulnerability of the principal allies of the United States to measures of economic warfare (including sabotage), psychological warfare, and military attack (including strategic bombing), with special reference to the protective measures necessary to reduce this vulnerability.

a. Vulnerability of the Economy of Non-Soviet Nations to Strategic Bombing, i.e., to Target Systems Most Likely to be Adopted by USSR.

b. Vulnerability to Sabotage and Similar Covert Measures of Raw Material Supplies and Production Facilities of Strategic Importance to the Joint Mobilization Effort of the Non-Soviet Nations. Protective Actions Most Effective Against Such Measures.

c. Vulnerability of the Non-Soviet Nations to a Soviet Bloc Program of Economic Warfare. Relative Effectiveness of Various Overt Measures.

(4) Studies of probable allied courses of military, political, and economic action with special reference to the extent of their

alignment with and support for programs and measures affecting the security of the United States.

a. Economic Activity of the Allies of the United States

Which Reveals the Extent of Their Support for the Program of Export Controls Against the Soviet Bloc.

D. Economic analysis relating to European and Asiatic countries not now clearly aligned with either center of power.

The countries included in this list will no doubt change from time to time, but now include at least Sweden, Switzerland, Yugoslavia, Iran, India, and her neighbors, and much of Southeast Asia. Intelligence required on these countries differs from that needed on our firm allies in several ways. Firstly, much higher priority needs to be given to economic indications of the intentions of these countries. Secondly, studies of their capabilities to contribute to Soviet military strength and to assist the Western Powers are of about equal importance. Further, they are likely to be a principal battleground of ideological and economic warfare as conducted by both groups of powers. Their capabilities for economic development and our ability to influence their attitudes by assisting in this development are, therefore, of great importance. Unlike the major European allies, the economic problems of the Near Eastern and Far Eastern countries are not so much those of high employment and industrial stability and productivity as of exploitation of basic resources, organization and productivity of agriculture and promotion of public health and education.

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In general, our economic information is inadequate on these countries not because we are denied access to it, as in the case of the Soviet bloc, but because it has never been assembled by anybody to anything like the extent prevalent in Western Europe. Strategic resources are important in many of these countries, but we have a great interest in their total economic position as well as in their specific commodity and service contributions.

Examples of problems are:

(1) Analysis of the economic capabilities of "neutrals" to maintain their independence from the USSR and its satellites or to support the military and "cold war" efforts of the United States and its allies.

a. Economic Capability of Yugoslavia to Defend Itself Against Satellite Attack. Significance of a Loss of the Danubian Plain.

b. Economic Capabilities of "Neutral" Nations to Contribute to the Military Potential of the USSR.

c. Economic Importance of these Nations to the Western Defense Effort.

(2) Analysis of the capabilities of "neutrals" to maintain economic stability and to develop their economies.

a. Capability of Selected "Neutral" Countries, (e.g., Iran, India, and Yugoslavia) to Maintain Economic Stability and to Develop Their Economies. Requirements for Foreign Assistance.

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(3) Analysis of the economic vulnerability of "neutral" countries to economic, political, psychological, and military measures, with special reference to the possible influence of these measures on their alignment with and economic support for either group of powers.

a. Vulnerability of Selected "Neutral" Nations to Economic Pressure from the Soviet Bloc Designed to Force Economic Alignment With It.

b. Allied Capacity to Influence Attitudes and Allegiance of Asiatic Countries Through Economic Development Programs.

(4) Analysis of probable "neutral" courses of military, political and economic action with special reference to the extent of their alignment with and support for programs and measures affecting the security of the United States.

a. Economic Activity of "Neutral" Nations Which Reveals the Extent of Their Support for the Program of Export Controls Against the Soviet Bloc.

E. Economic analysis relating to the availability, the importance to either set of powers, and the vulnerability to interruption of the flow of specific strategic materials and services from other areas, principally Africa and Latin America.

The general economic situation in areas other than those outlined in B, C, and D above is important for many aspects of United States policy. However, the impact on our national security position of general economic

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conditions, capabilities, and intentions in such regions as Africa and Latin America is of less immediate importance than the contribution these areas make to supplies of critical raw materials needed by the Soviet Bloc and the Western Allies. The intelligence most urgently required on these areas, then, is specific details on a limited number of resources and facilities, actual and potential, rather than exhaustive coverage.

Intelligence on economic development programs and possibilities in these areas is of interest more for the effect of such programs on strategic material availabilities than for their impact on general conditions or standards of living.

- The required information will normally be accessible, though some kinds of data such as that on foreign financial holdings, international corporate connections, and ultimate country of destination of shipments sometimes has to be secured covertly.

Examples of priority economic intelligence studies are:

- a. Possibilities of Expanding the Output of Selected Strategic Materials Critical to the Allied Defense Effort Through Development Programs.
- b. Organizational and Physical channels through which Critical Materials Reach the Soviet Bloc. Vulnerability of these Channels to Interruption.
- c. Possibilities of Substituting Other Sources of Strategic Materials Now Denied from (a) Western Europe (b) Southeast Asia and in the Event of Loss of Either or Both These Areas to the Soviet Bloc.

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d. Probable Reaction of Countries in This Group to Economic Warfare Measures of the Allies Against the Soviet Bloc. Degree of Cooperation to be Expected.

III. Reports for Use in Support of Operations or in Implementation of Existing United States Government Plans and Policies.

A. Introduction

Agencies engaged in the implementation of certain United States government plans and policies continually require a large volume of economic intelligence reports to support their operating activities. These reports generally must contain current and detailed economic intelligence evaluated against the background of the basic studies of capabilities, vulnerabilities and intentions noted in the preceding section (Section II). Agencies responsible for carrying out particular plans and policies must know which intelligence offices are primarily responsible for supplying the economic intelligence needed to support their activities. Listed below are suggestions of the kinds of economic intelligence which are required for operational purposes on either a continuing or an ad hoc basis.

B. Economic reports in support of military plans and operations

(1) Reports on the Logistical Capabilities of the USSR and Its Satellites During the Specific Operations.

(2) Reports on Strategic and Tactical Targets Within Areas Controlled by the USSR and Its Satellites During Specific Operations.

(3) Reports Relating to Logistical Support for United States and Allied Forces During Specific Operations.

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(4) Reports on Economic Conditions Bearing on the Maintenance of Law and Order and the Prevention of Disease and Unrest in Areas Under United States and Allied Military Control.

C. Economic reports in support of current United States and allied psychological and diplomatic measures to weaken the USSR and its satellites or to strengthen the allies of the United States and "neutrals".

This applies both during wartime and during the "cold war".

(1) Economic Reports to Support Voice of America

(2) Economic Reports to Support the President's Committee on Raw Materials

(3) Economic Reports in Support of Certain Diplomatic Negotiations (e.g. negotiations relating to:

a. the security of strategically important industrial operations in foreign countries;

b. a civil aviation agreement with respect to the Soviet bloc;

c. economic assistance for specific countries.)

D. Economic reports in support of United States and allied economic warfare measures (overt and covert) to weaken the USSR and its satellites.

This applies both during wartime and during the present "cold war".

(1) Economic Reports Relating to Export Controls

(2) Economic Reports Relating to Foreign Funds Control

(3) Economic Reports in Support of Preclusive Buying

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(h) Economic Reports in Support of Covert Measures

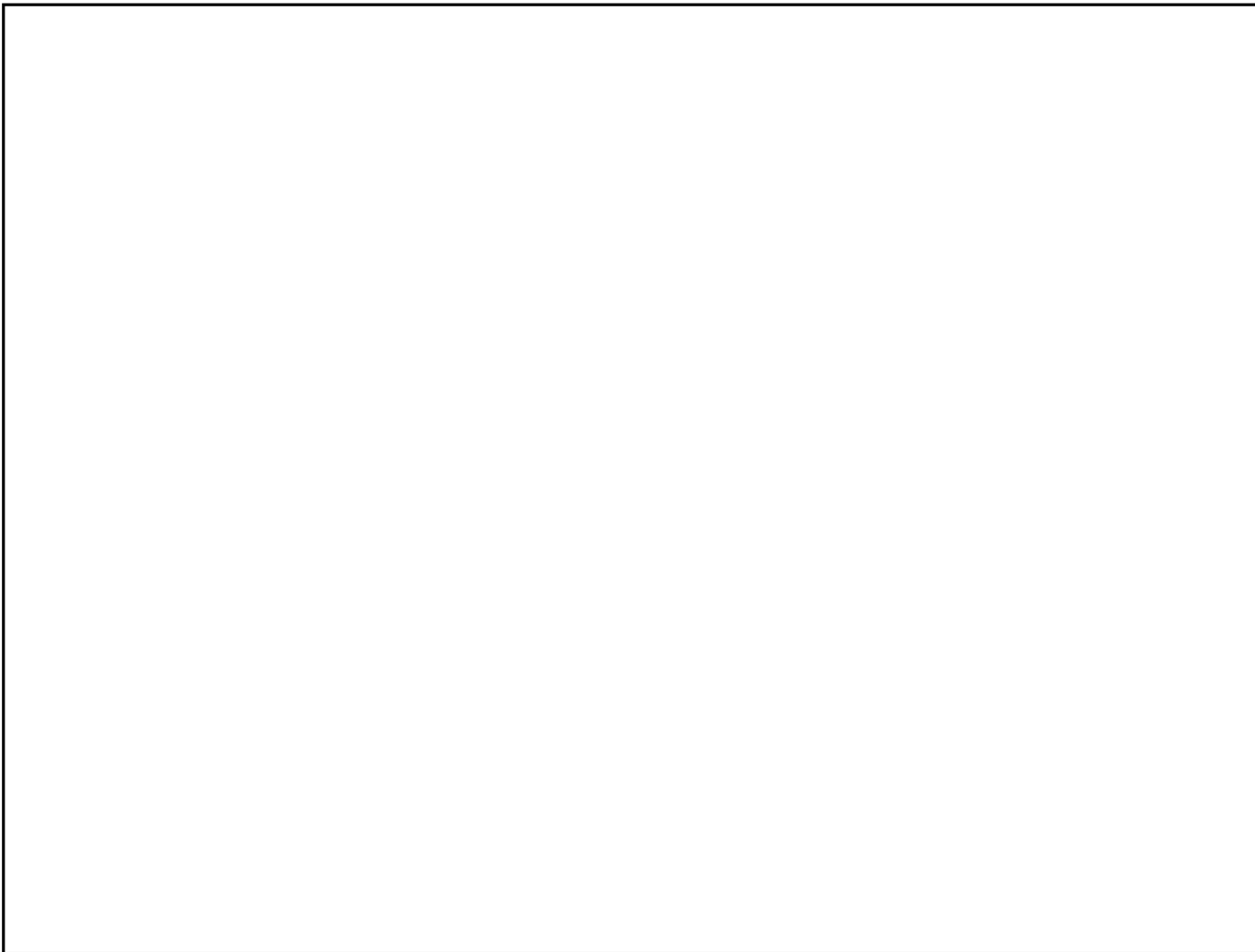
E. Economic reports in support of current United States and allied programs of economic assistance and joint mobilization for defense.

(1) Economic Reports in Support of NSRB

(2) Economic Reports in Support of United States Stockpile

Program

(3) Economic Reports in Support of Specific Economic Assistance Program (e.g., Aid to Yugoslavia)



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Approved For Release 2005/04/26 : CIA-RDP79-01084A000100070004-7

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Approved For Release 2005/04/26 : CIA-RDP79-01084A000100070004-7